

# House Study Bill 264

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
ENVIRONMENTAL PROTECTION  
BILL BY OLSON)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to wastewater treatment.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
3 TLSB 2646HC 83  
4 tm/nh/24

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1 1 DIVISION I  
1 2 WASTEWATER TREATMENT FINANCIAL ASSISTANCE PROGRAM  
1 3 Section 1. Section 16.134, Code 2009, is amended to read  
1 4 as follows:  
1 5 16.134 WASTEWATER TREATMENT FINANCIAL ASSISTANCE PROGRAM.  
1 6 1. The Iowa finance authority shall establish and  
1 7 administer a wastewater treatment financial assistance  
1 8 program. The purpose of the program shall be to provide  
1 9 ~~grants financial assistance to enhance water quality and to~~  
~~1 10 assist communities to comply with water quality standards~~  
~~1 11 adopted by the department of natural resources.~~ The program  
1 12 shall be administered in accordance with rules adopted by the  
1 13 authority pursuant to chapter 17A.  
1 14 2. A wastewater treatment financial assistance fund is  
1 15 created under the authority of the Iowa finance authority.  
1 16 The fund shall consist of appropriations made to the fund and  
1 17 transfers of interest, earnings, and moneys from other funds  
1 18 as provided by law. Moneys in the fund are not subject to  
1 19 section 8.33. Notwithstanding section 12C.7, subsection 2,  
1 20 interest or earnings on moneys in the fund shall be credited  
1 21 to the fund.  
1 22 3. Financial assistance under the program shall be used to  
1 23 install or upgrade wastewater treatment facilities and  
1 24 systems, and for engineering or technical assistance for  
1 25 facility planning and design.  
1 26 4. The authority shall distribute financial assistance in  
1 27 the fund in accordance with the following:  
1 28 a. ~~The goal of the program shall be to base awards on the~~  
~~1 29 impact of the grant combined with other sources of financing~~  
~~1 30 to ensure that sewer rates increase by no more than one and~~  
~~1 31 one-half percent of a community's median household income.~~  
1 32 ~~a. b.~~ Communities shall be eligible for financial  
1 33 assistance by qualifying as a disadvantaged community and  
1 34 seeking financial assistance for the installation or upgrade  
1 35 of wastewater treatment facilities due to regulatory activity  
2 1 ~~in response to water quality standards adopted by the~~  
2 2 ~~department of natural resources in calendar year 2006.~~ For  
2 3 purposes of this section, the term "disadvantaged community"  
2 4 means the same as defined by the department of natural  
2 5 resources for the drinking water facilities revolving loan  
2 6 fund established in section 455B.295. ~~Communities with a~~  
~~2 7 population of three thousand or more do not qualify for~~  
~~2 8 financial assistance under the program.~~  
2 9 ~~b. c.~~ Priority shall be given to projects in which the  
2 10 financial assistance is used to obtain financing under the  
2 11 Iowa water pollution control works and drinking water  
2 12 facilities financing program pursuant to section 16.131 or  
2 13 other federal or state financing.  
2 14 ~~c. d.~~ Priority shall also be given to projects whose  
2 15 completion will provide significant improvement to water  
2 16 quality in the relevant watershed.  
2 17 ~~e.~~ Priority shall also be given to communities that employ  
2 18 ~~an alternative wastewater treatment technology pursuant to~~  
2 19 ~~section 455B.199C.~~

2 20 f. Priority shall be also given to those communities where  
2 21 sewer rates are the highest as a percentage of that  
2 22 community's median household income.  
2 23 d. A community meeting the criteria of paragraph "a" shall  
2 24 be required to provide matching moneys in accordance with the  
2 25 following:  
2 26 (1) Unsewered incorporated communities with a population  
2 27 of less than five hundred and communities with a population of  
2 28 less than five hundred shall be required to provide a five  
2 29 percent match.  
2 30 (2) Communities with a population of five hundred or more  
2 31 but less than one thousand shall be required to provide a ten  
2 32 percent match.  
2 33 (3) Communities with a population of one thousand or more  
2 34 but less than one thousand five hundred shall be required to  
2 35 provide a twenty percent match.  
3 1 (4) Communities with a population of one thousand five  
3 2 hundred or more but less than two thousand shall be required  
3 3 to provide a thirty percent match.  
3 4 (5) Communities with a population of two thousand or more  
3 5 but less than three thousand shall be required to provide a  
3 6 forty percent match.  
3 7 e. g. Financial assistance in the form of grants shall be  
3 8 issued on a ~~quarterly~~ annual basis.  
3 9 h. An applicant shall not receive a grant that exceeds  
3 10 five hundred thousand dollars.

3 11 5. The authority in cooperation with the department of  
3 12 natural resources shall share information and resources when  
3 13 determining the qualifications of a community for financial  
3 14 assistance from the fund.  
3 15 6. The authority may use an amount of not more than four  
3 16 percent of any moneys appropriated for deposit in the fund for  
3 17 administration purposes.  
3 18 7. ~~It is the intent of the general assembly that for the~~  
3 19 ~~fiscal period beginning July 1, 2007, and ending June 30,~~  
3 20 ~~2016, a minimum of four million dollars shall be appropriated~~  
3 21 ~~each fiscal year to the authority for deposit in the~~  
3 22 ~~wastewater treatment financial assistance fund.~~

3 23 Sec. 2. NEW SECTION. 16.135 WASTEWATER VIABILITY  
3 24 ASSESSMENT.

3 25 1. The authority, in cooperation with the department of  
3 26 natural resources, shall require the use of a wastewater  
3 27 viability assessment for any wastewater treatment facility  
3 28 seeking a grant under the wastewater treatment financial  
3 29 assistance program or a grant funded by federal community  
3 30 development block grant moneys. A wastewater viability  
3 31 assessment shall determine the long-term operational and  
3 32 financial capacity of the facility and its ratepayers. The  
3 33 authority shall develop minimum criteria for eligibility based  
3 34 on the viability assessment.

3 35 2. The authority, in cooperation with the department of  
4 1 natural resources, shall develop a wastewater viability  
4 2 assessment. The assessment shall include as part of the  
4 3 assessment all of the following factors:  
4 4 a. The ability of the applicant to provide property  
4 5 oversight and management through a certified operator.  
4 6 b. The financial ability of the users to support the  
4 7 existing system, improvements to the system, and the long-term  
4 8 maintenance of the system.  
4 9 c. The financial position of the system including existing  
4 10 debt load, rates, and reserve funds.  
4 11 d. Completion of a facilities plan.  
4 12 e. Completion of a management plan.  
4 13 f. Completion of a financial management plan.

4 14 DIVISION II  
4 15 SPONSORED PROJECTS

4 16 Sec. 3. Section 384.80, subsection 12, Code 2009, is  
4 17 amended to read as follows:

4 18 12. "Project" means the acquisition, construction,  
4 19 reconstruction, extending, remodeling, improving, repairing,  
4 20 and equipping of all or part of a city utility, combined  
4 21 utility system, city enterprise, or combined city enterprise,  
4 22 or a water resource restoration project within or without the  
4 23 corporate limits of the city.

4 24 Sec. 4. Section 384.80, Code 2009, is amended by adding  
4 25 the following new subsection:

4 26 NEW SUBSECTION. 15. "Water resource restoration project"  
4 27 means the acquisition of real property or improvements or  
4 28 other activity or undertaking that will assist in improving  
4 29 the quality of the water in the watershed where a city water  
4 30 or wastewater utility is located.

4 31 Sec. 5. Section 384.82, subsection 1, unnumbered paragraph  
4 32 1, Code 2009, is amended to read as follows:

4 33 A city may carry out projects, borrow money, and issue  
4 34 revenue bonds and pledge orders to pay all or part of the cost  
4 35 of projects, which may include a qualified water resource  
5 1 restoration project, such revenue bonds and pledge orders to  
5 2 be payable solely and only out of the net revenues of the city  
5 3 utility, combined utility system, city enterprise, or combined  
5 4 city enterprise involved in the project. The cost of a  
5 5 project includes the construction contracts, interest upon the  
5 6 revenue bonds and pledge orders during the period or estimated  
5 7 period of construction and for twelve months thereafter, or  
5 8 for twelve months after the acquisition date, such reserve  
5 9 funds as the governing body may deem advisable in connection  
5 10 with the project and the issuance of revenue bonds and pledge  
5 11 orders, and the costs of engineering, architectural, technical  
5 12 and legal services, preliminary reports, surveys, property  
5 13 valuations, estimates, plans, specifications, notices,  
5 14 acquisition of real and personal property, consequential  
5 15 damages or costs, easements, rights-of-way, supervision,  
5 16 inspection, testing, publications, printing and sale of bonds  
5 17 and provisions for contingencies. A city may sell revenue  
5 18 bonds or pledge orders at public or private sale in the manner  
5 19 prescribed by chapter 75 and may deliver revenue bonds and  
5 20 pledge orders to the contractors, sellers, and other persons  
5 21 furnishing materials and services constituting a part of the  
5 22 cost of the project in payment therefor.

5 23 Sec. 6. Section 384.84, Code 2009, is amended by adding  
5 24 the following new subsection:

5 25 NEW SUBSECTION. 1A. The governing body of a city water or  
5 26 wastewater utility may enter into an agreement with a  
5 27 qualified entity to use proceeds from revenue bonds for a  
5 28 water resource restoration project if the rate imposed is no  
5 29 greater than if there was not a water resource restoration  
5 30 project agreement. For purposes of this subsection,  
5 31 "qualified entity" is an entity created pursuant to chapter  
5 32 28E or two entities that have entered into an agreement  
5 33 pursuant to chapter 28E, whose purpose is to undertake a  
5 34 watershed project that has been approved for water quality  
5 35 improvements in the watershed.

6 1 Sec. 7. NEW SECTION. 455B.199 WATER RESOURCE RESTORATION  
6 2 SPONSOR PROGRAM.

6 3 1. The department shall establish and administer a water  
6 4 resource restoration sponsor program to assist in enhancing  
6 5 water quality in the state through the provision of financial  
6 6 assistance to communities for a variety of impairment-based,  
6 7 locally directed watershed projects.

6 8 2. For purposes of this section, unless the context  
6 9 otherwise requires:

6 10 a. "Qualified entity" means the same as defined in section  
6 11 384.84.

6 12 b. "Sponsor project" means a water resource restoration  
6 13 project as defined in section 384.80.

6 14 3. Moneys in the water pollution control works revolving  
6 15 loan fund created in section 455B.295, and the drinking water  
6 16 facilities revolving loan fund created in section 455B.295,  
6 17 shall be used for the water resource restoration sponsor  
6 18 program. The department shall establish on an annual basis  
6 19 the percentage of moneys available for the sponsor program  
6 20 from the funds.

6 21 4. The interest rate on the loan under the program for  
6 22 communities participating in a sponsor project shall be set at  
6 23 a level that requires the community to pay not more than the  
6 24 amount the community would have paid if they did not  
6 25 participate in a sponsor project.

6 26 5. Not more than ninety percent of the projected interest  
6 27 payments on bonds issued under section 384.84 or the total  
6 28 cost of the sponsor project shall be advanced to the  
6 29 community, whichever is lower.

6 30 6. A proposed sponsor project must be compatible with the  
6 31 goals of the water resource restoration sponsor program, shall  
6 32 include the application of best management practices for the  
6 33 primary purpose of water quality protection and improvement,  
6 34 and may include but not be limited to any of the following:

6 35 a. Riparian buffer acquisition, enhancement, expansion, or  
7 1 restoration.

7 2 b. Conservation easements.

7 3 c. Riparian zone or wetland buffer extension or  
7 4 restoration.

7 5 d. Wetland restoration in conjunction with an adjoining  
7 6 high-quality water resource.

7 7 e. Stream bank stabilization and natural channel design  
7 8 techniques.  
7 9 f. In-stream habitat enhancements and dam removals.  
7 10 7. A proposed sponsor project shall not include any of the  
7 11 following:  
7 12 a. Passive recreation activities and trails including bike  
7 13 trails, playgrounds, soccer fields, picnic tables, and picnic  
7 14 grounds.  
7 15 b. Parking lots.  
7 16 c. Diverse habitat creation contrary to the botanical  
7 17 history of the area.  
7 18 d. Planting of nonnative plant species.  
7 19 e. Dredging.  
7 20 f. Supplemental environmental projects required as a part  
7 21 of a consent decree.  
7 22 8. A sponsor project must be approved by the department  
7 23 prior to participating in the water resource restoration  
7 24 sponsor program.  
7 25 9. A resolution by the city council must be approved and  
7 26 included as part of an application for the water resource  
7 27 restoration sponsor program. After approval of the project,  
7 28 the city council shall enter into an agreement pursuant to  
7 29 chapter 28E with the qualified entity who shall implement the  
7 30 project.  
7 31 10. Any conservation easements purchased with moneys  
7 32 received under the program must be in perpetuity and must be  
7 33 subject to use restrictions that permanently restrict the  
7 34 future uses of the land.

7 35 11. The commission shall adopt rules pursuant to chapter  
8 1 17A necessary for the administration of this section.

8 2 Sec. 8. Section 455B.295, subsection 2, Code 2009, is  
8 3 amended to read as follows:

8 4 2. Each of the revolving loan funds shall include sums  
8 5 appropriated to the revolving loan funds by the general  
8 6 assembly, sums transferred by action of the governor under  
8 7 section 455B.296, subsection 3, sums allocated to the state  
8 8 expressly for the purposes of establishing each of the  
8 9 revolving loan funds under the Clean Water Act and the Safe  
8 10 Drinking Water Act, all receipts by the revolving loan funds,  
8 11 and any other sums designated for deposit to the revolving  
8 12 loan funds from any public or private source. All moneys  
8 13 appropriated to and deposited in the revolving loan funds are  
8 14 appropriated and shall be used for the sole purpose of making  
8 15 loans to eligible entities to finance all or part of the cost  
8 16 of projects, including sponsor projects under the water  
8 17 resource restoration sponsor program established in section

8 18 455B.199. The moneys appropriated to and deposited in the  
8 19 water pollution control works revolving loan fund shall not be  
8 20 used to pay the nonfederal share of the cost of projects  
8 21 receiving grants under the Clean Water Act. The moneys in the  
8 22 revolving loan funds are not considered part of the general  
8 23 fund of the state, are not subject to appropriation for any  
8 24 other purpose by the general assembly, and in determining a  
8 25 general fund balance shall not be included in the general fund  
8 26 of the state but shall remain in the revolving loan funds to  
8 27 be used for their respective purposes. The revolving loan  
8 28 funds are separate dedicated funds under the administration  
8 29 and control of the authority and subject to section 16.31.  
8 30 Moneys on deposit in the revolving loan funds shall be  
8 31 invested by the treasurer of state in cooperation with the  
8 32 authority, and the income from the investments shall be  
8 33 credited to and deposited in the appropriate revolving loan  
8 34 funds.

8 35 DIVISION III

9 1 PERMITTING == VARIANCES == ALTERNATIVE

9 2 WASTEWATER TREATMENT TECHNOLOGIES

9 3 Sec. 9. NEW SECTION. 455B.199A PRIORITIZATION OF  
9 4 MUNICIPAL WATER QUALITY IMPROVEMENT PROJECTS.

9 5 1. The department may allow schedules of compliance to be  
9 6 included in permits whenever authorized by federal law or  
9 7 regulations. Such schedules shall be established to maximize  
9 8 benefits and minimize local financial impact, where such  
9 9 opportunities arise. If information is provided showing that  
9 10 the anticipated costs of compliance with a schedule have no  
9 11 reasonable relationship to environmental or public health  
9 12 needs or benefits, or may result in other detrimental  
9 13 environmental impacts, such as significant greenhouse gas  
9 14 emissions, the projects may be deferred, in whole or in part  
9 15 as determined appropriate by the department, and a variance  
9 16 granted, as consistent with applicable federal law or  
9 17 regulations.

9 18 2. Unless otherwise restricted by federal law or  
9 19 regulations, the department may allow compliance schedules of  
9 20 up to forty years in national pollutant discharge elimination  
9 21 system permits, particularly where the costs of compliance  
9 22 with federal program mandates will adversely impact the  
9 23 construction of other necessary local capital improvement  
9 24 projects. If the department determines an existing condition  
9 25 constitutes a significant public health or environmental  
9 26 threat, the schedule of compliance shall be based on the  
9 27 shortest practicable time frame for remedying the condition.

9 28 Sec. 10. NEW SECTION. 455B.199B DISADVANTAGED  
9 29 COMMUNITIES VARIANCE.

9 30 1. The department may provide for a variance of  
9 31 regulations pursuant to this part when it determines that  
9 32 regulations adopted pursuant to this part affect a  
9 33 disadvantaged community. Such a variance shall be consistent  
9 34 with federal rules and regulations. In considering an  
9 35 application for a variance, the department shall consider the  
10 1 substantial and widespread economic and social impact to the  
10 2 ratepayers and the affected community that may occur as a  
10 3 result of compliance with a federal regulation, a rule adopted  
10 4 by the department, or an order of the department pursuant to  
10 5 this part. In considering an application for a variance, the  
10 6 department shall take into account the rules adopted pursuant  
10 7 to this part with which a regulated entity and the  
10 8 commensurate affected community are required to comply.

10 9 2. The department shall find that a regulated entity and  
10 10 the affected community are a disadvantaged community under any  
10 11 of the following circumstances:

10 12 a. A financial analysis of the regulated entity shows that  
10 13 the capital, operating, and maintenance costs of pollution  
10 14 control will have a substantial impact on the other municipal  
10 15 operations of the regulated entity, impact the general  
10 16 economic health of that community, or that the regulated  
10 17 entity has a limited ability to obtain financing.

10 18 b. (1) The financial impact for households in the  
10 19 community resulting from compliance or predating compliance  
10 20 include all of the following:

10 21 (a) The per capita cost of the regulatory compliance  
10 22 results in sewer rates that equal at least two percent of  
10 23 median household income.

10 24 (b) Over fifty percent of the residences in the affected  
10 25 community have a residential home property tax valuation of  
10 26 fifty thousand dollars or less.

10 27 (c) Over fifty percent of the households in the affected  
10 28 community have an annual gross income of less than thirty-five  
10 29 thousand dollars.

10 30 (d) Over ten percent of the households in the affected  
10 31 community are receiving food assistance from the department of  
10 32 human services.

10 33 (2) (a) If a community demonstrates the factor in  
10 34 paragraph "b", subparagraph (1), subparagraph division (a),  
10 35 exists or will exist as a result of mandated state and federal  
11 1 requirements, the community shall be considered to have  
11 2 demonstrated substantial and widespread economic and social  
11 3 impact under applicable federal law.

11 4 (b) If a community demonstrates that any two factors in  
11 5 paragraph "b", subparagraph (1), exist or the factors in  
11 6 paragraph "b", subparagraph (1), subparagraph divisions (b)  
11 7 through (d) all exist in the community and the projected costs  
11 8 of compliance will exceed one and one-half percent of median  
11 9 income, the community shall be considered to have demonstrated  
11 10 substantial and widespread economic impact under applicable  
11 11 federal law.

11 12 3. The department may grant a regulated entity a variance  
11 13 from complying with a rule adopted pursuant to this part or as  
11 14 otherwise allowed by federal law, if the department determines  
11 15 that the regulated entity or the affected community will  
11 16 suffer substantial and widespread economic and social impact.  
11 17 The department shall ensure the conditions of any variance  
11 18 represent reasonable progress toward complying with rules  
11 19 adopted pursuant to this part, but do not result in  
11 20 substantial and widespread economic and social impact.

11 21 4. The department shall develop disadvantaged community  
11 22 criteria for the revolving loan funds created in sections  
11 23 455B.291 through 455B.299 and incorporate the criteria into an  
11 24 intended use plan. The disadvantaged community designation  
11 25 shall allow a community to receive extended loan repayment  
11 26 terms, or reduced interest rates for loans awarded from the  
11 27 revolving loan funds.

11 28 Sec. 11. NEW SECTION. 455B.199C ALTERNATIVE WASTEWATER

11 29 TREATMENT TECHNOLOGIES == LEGISLATIVE INTENT AND PURPOSE.  
11 30 1. The intent of the general assembly is to address the  
11 31 rising costs of water and wastewater treatment compliance for  
11 32 regulated entities and affected communities by authorizing the  
11 33 use of alternative treatment technologies. The purpose of  
11 34 this section is to eliminate regulatory barriers that limit or  
11 35 prevent the use of new or innovative technologies.  
12 1 2. The department shall produce and publish design  
12 2 guidance documents for alternative wastewater treatment  
12 3 technologies. The guidance documents shall be intended to  
12 4 encourage regulated entities to use such technologies and to  
12 5 assist design engineers with the submission of projects  
12 6 employing alternative wastewater treatment technologies that  
12 7 can be readily approved by the department.  
12 8 3. Systems which employ alternative treatment technologies  
12 9 shall be eligible for wastewater treatment financial  
12 10 assistance pursuant to section 16.134.  
12 11 4. In writing design guidance documents for alternative  
12 12 wastewater treatment technologies the department shall review  
12 13 all of the following:  
12 14 a. Curriculum materials published by the consortium of  
12 15 institutes for decentralized wastewater treatment.  
12 16 b. The on-site sewage design and reference manual  
12 17 published by the department of natural resources.  
12 18 c. The guidance manual for the management of on-site and  
12 19 decentralized wastewater systems published by the United  
12 20 States environmental protection agency.  
12 21 d. The most recent edition of a textbook on wastewater  
12 22 engineering compiled by Metcalf and Eddy, incorporated.  
12 23 e. Other credible sources of information on the design,  
12 24 operation, and performance of alternative wastewater treatment  
12 25 technologies.  
12 26 5. The department shall waive setback requirements if a  
12 27 treatment process does not result in exposed wastewater.  
12 28 6. Communities that employ treatments that do not affect  
12 29 surface water such as soil infiltration systems shall be  
12 30 subject to reduced monitoring requirements.  
12 31 7. The department shall revise wastewater treatment  
12 32 criteria to reflect treatment performance rather than  
12 33 prescriptive criteria.  
12 34 Sec. 12. Section 455B.176A, subsections 7, 8, and 9, Code  
12 35 2009, are amended by striking the subsections.

13 1 EXPLANATION

13 2 This bill relates to:

13 3 DIVISION I. This division of the bill amends the  
13 4 wastewater treatment financial assistance program administered  
13 5 by the Iowa finance authority. The division provides that one  
13 6 of the goals of the program shall be to base awards on the  
13 7 impact of the grant combined with other sources of financing  
13 8 to ensure that sewer rates increase by not more than 1 and 1/2  
13 9 percent of a community's median household income. The  
13 10 division eliminates a restriction that communities with a  
13 11 population of 3,000 or more do not qualify for financial  
13 12 assistance under the program. The division provides that  
13 13 priority under the program shall be given to communities that  
13 14 employ an alternative wastewater treatment technology and to  
13 15 communities where sewer rates are the highest as a percentage  
13 16 of that community's household income. The division eliminates  
13 17 local match requirements. The division provides that grants  
13 18 shall be provided on an annual basis. The division limits  
13 19 grants to not more than \$500,000 per applicant.

13 20 The division creates a new wastewater viability assessment  
13 21 process. The division requires the authority, in cooperation  
13 22 with the department of natural resources, to require the use  
13 23 of a wastewater viability assessment for any wastewater  
13 24 treatment facility seeking a grant under the wastewater  
13 25 treatment financial assistance program or a grant funded by  
13 26 federal community development block grant moneys. A  
13 27 wastewater viability assessment shall determine the long-term  
13 28 operational and financial capacity of the facility and its  
13 29 ratepayers. The division requires the authority to develop  
13 30 minimum criteria for eligibility based on the viability  
13 31 assessment. The division requires the authority, in  
13 32 cooperation with the department, to develop the wastewater  
13 33 viability assessment.

13 34 DIVISION II. This division of the bill adds qualified  
13 35 water resource restoration projects to the types of projects  
14 1 that a city may carry out, borrow money, and issue revenue  
14 2 bonds for. A qualified water resource restoration project is  
14 3 the acquisition of real property or improvements or other  
14 4 activity or undertaking that will assist in improving the

14 5 quality of the water in the watershed where a city water or  
14 6 wastewater utility is located. The division allows the  
14 7 governing body of a city water or wastewater utility to enter  
14 8 into an agreement with a qualified entity to use proceeds from  
14 9 revenue bonds for a water resource restoration project if  
14 10 certain criteria are met.

14 11 The division creates a water resource restoration sponsor  
14 12 program to be administered by the department of natural  
14 13 resources for purposes of assisting in enhancing water quality  
14 14 in the state through the provision of financial assistance to  
14 15 communities for a variety of impairment-based, locally  
14 16 directed watershed projects. The division provides that  
14 17 moneys in the water pollution control works revolving loan  
14 18 fund and the drinking water facilities revolving loan fund  
14 19 shall be used for the water resource restoration sponsor  
14 20 program. The division provides that a project must be  
14 21 compatible with the goals of the program, must include  
14 22 application of best management practices for the primary  
14 23 purpose of the water quality protection and improvement, and  
14 24 may include certain types of projects. The division requires  
14 25 a sponsor project to be approved by the department and a  
14 26 resolution by the city council must be approved and included  
14 27 as part of the application. The division requires that any  
14 28 conservation easements purchased with moneys under the program  
14 29 must be in perpetuity.

14 30 DIVISION III. This division of the bill relates to  
14 31 permitting, variances, and alternative wastewater treatment  
14 32 technologies.

14 33 The division provides that the department of natural  
14 34 resources may allow schedules of compliance to be included in  
14 35 permits whenever authorized by federal law. The schedules  
15 1 shall be established to maximize benefits and minimize local  
15 2 financial impact, where such opportunities arise. Unless  
15 3 otherwise restricted, the department may allow compliance  
15 4 schedules of up to 40 years in national pollutant discharge  
15 5 elimination system permits, particularly where costs of  
15 6 compliance with federal program mandates will adversely impact  
15 7 the construction of other necessary local capital improvement  
15 8 projects.

15 9 The division provides that the department may provide for a  
15 10 variance of water quality regulations when it determines that  
15 11 such regulations affect a disadvantaged community. The  
15 12 division provides circumstances under which the department  
15 13 must find that a regulated entity and the affected community  
15 14 are a disadvantaged community. The division requires the  
15 15 department to develop disadvantaged community criteria for  
15 16 certain revolving loan funds and incorporate the criteria into  
15 17 an intended use plan.

15 18 The division requires the department to produce and publish  
15 19 design guidance documents for alternative wastewater treatment  
15 20 technologies. The guidance documents shall be intended to  
15 21 encourage regulated entities to use such technologies and to  
15 22 assist design engineers with the submission of projects  
15 23 employing alternative wastewater treatment technologies that  
15 24 can be readily approved by the department. The division  
15 25 provides that communities that employ treatments that do not  
15 26 affect surface water shall be subject to reduced monitoring  
15 27 requirements. The division requires the department to revise  
15 28 wastewater treatment criteria to reflect treatment performance  
15 29 rather than prescriptive criteria.

15 30 From Code section 455B.176A relating to water quality  
15 31 standards, the division eliminates provisions relating to the  
15 32 use of alternative technology systems to meet water quality  
15 33 standards and provisions relating to consideration of  
15 34 substantial and widespread economic and social impacts of a  
15 35 water use designation.